

5 TRENDS TUCSON?



1 TALE OF 2 CITIES
OR ONE COMMUNITY,
ONE FUTURE?



2 SIDEWALK TO NOWHERE
OR INVESTMENT
IN COMMUNITY?



3 LOW WAGE TOWN OR
OPPORTUNITY FOR ALL: EDUCATION
AND ECONOMIC DEVELOPMENT?

4 GOING, GONE TUCSON
OR BUILDING FROM
THE BEST OF TUCSON?



5 DESERT ISLAND OR
GREAT CITY OF THE
AMERICAN SOUTHWEST?



February 2004

5 TRENDS TUCSON?

5 Trends Tucson? was prepared by the City of Tucson's Comprehensive Planning Task Force with assistance from the Office of the City Manager. It is available on the City's web site at www.cityoftucson.org.

The report was prepared at the City Manager's request as a background for the Mayor and Council's priority setting discussions in 2004 and to help inform budget and policy decisions over the next few years.

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INTRODUCTION

Many people in Tucson are fond of saying that our community is at a crossroads, that if we are thoughtful and visionary and true to our values as we continue to grow, our city will become the Southwest's great, competitive, vibrant, livable, beautiful desert city of the 21st century.

On the other side is the fear that we become just another place, fast-growing but with an average economy without advantage for all, a loss of environment and quality, less livable, poorer, harsher, something special lost, or opportunity squandered.

If the past has brought us to where we are today, we also know we live in a rapidly changing world. The future is rushing at us, faster, in newer, more complex, and unknown ways. The life and work of cities today is not the work of cities 50 years ago or 25 years ago, or even 10 years ago. What will the future be like? What will Tucson be? What will be our place in the world? How happy will we be in that place? Will we feel we made the right choices for Tucson? What will our citizens say?

This report is a follow-up to the 2004 New Year's memorandum from the City Manager, *The Year Ahead* and the Mayor and Council work session briefings in January and February 2004 from various City Department Directors on planning and land use, infrastructure issues in Transportation and Water, and capital and service needs in Parks and Recreation, Libraries, Human Services and Housing, Environmental Services, Fire, Police, and regional communications.

The report borrows from some thoughts initially expressed in *The Year Ahead* memorandum but expands upon them significantly and adds data, charts, and photographs. The report incorporates some of the data shared with Mayor and Council in the capital and service work sessions.

This report attempts to weave all the issues and information presented in those sessions into a coherent picture of the challenges and choices that face Tucson as the city moves forward in the 21st Century. The approach is patterned after the successful Morrison Institute study of a few years ago entitled *5 Shoes Waiting to Drop on Arizona*. Like that report, the *5 Trends Tucson?* report doesn't presume that these are the only issues facing Tucson. Also, like the Morrison Institute report, this Tucson study is framed in provocative fashion, in response to a sense of urgency but also to stimulate debate.

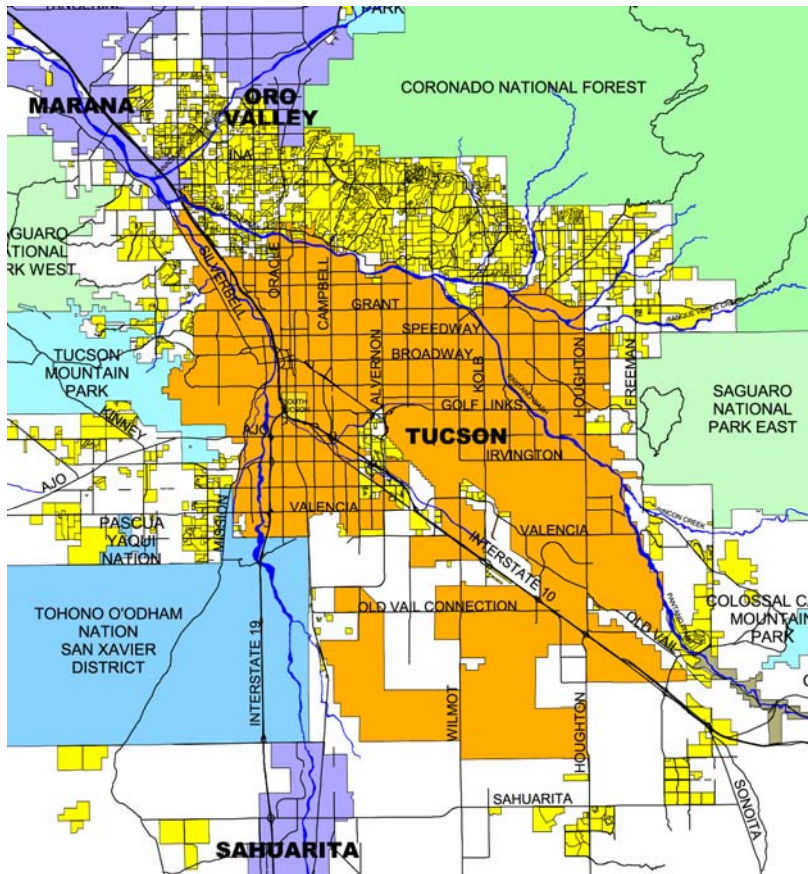
The five trends in the report are shaped with some alarm or concern, as they suggest results we will reap if we choose the course of inaction or passivity. All of these trends have been brought forward to varying degree from our past. In truth there are many great efforts underway today that are attempting to reverse these trends. The report's bias, however, is toward acknowledging the dangerous downside potential in order to urge thoughtful discourse and action.

Each of these trends has a positive alternative. The hope is that we will choose that alternative and manifest the action and will to bring those choices to life.

1. A Tale of Two Cities...or...One Community, One Future?
2. Sidewalk to Nowhere...or...Investment in Community?
3. Low Wage Town...or...Opportunity for all: Education and Economic Development?
4. Going, Gone Tucson...or...Building from The Best of Tucson?
5. Desert Island...or...Great City of the American Southwest?

1. TALE OF 2 CITIES

HOW CAN WE TRULY WORK TOGETHER AS A REGION TO ADDRESS OUR COMMUNITY'S TOUGHEST ISSUES?



Unincorporated urban development shown in yellow

Between 1970 and 2000, unincorporated Pima County grew by 278% - the City of Tucson grew by 85%

GOVERNMENT X 2

Pima County and the City of Tucson are two major governments both serving metropolitan Tucson, each with an annual budget of \$1 billion. Both governments provide many of the same services – parks and recreation,

transportation, public safety, and development services. City residents pay to support both City and County government, yet don't get their full share back in County services. At the same time, unincorporated urban residents use many City roads and services, yet don't pay their

URBAN AND UNINCORPORATED

Tucson is the major city within Pima County and is the economic, historic, and cultural center of the region. Close to 90% of Pima County's almost one million residents live within

metropolitan Tucson, however only 56% (514,725) of those residents reside within the City of Tucson

corporate limits. Another 8% (70,800) live in the four other incorporated cities and towns in the area. **The majority of the rest (approximately 300,000) reside in urban unincorporated Pima County.**

Pima County provides urban services to this population which is one reason Pima County has the highest property tax rate in state. While we call the entire area "Tucson", in fact much of this area is not *in Tucson*. There are great differences between the two areas and unintended consequences as a result of this split.

Pima County is 64% incorporated while Maricopa County is 93% incorporated

Pima County's property tax rate is almost 4 times higher than Maricopa County's

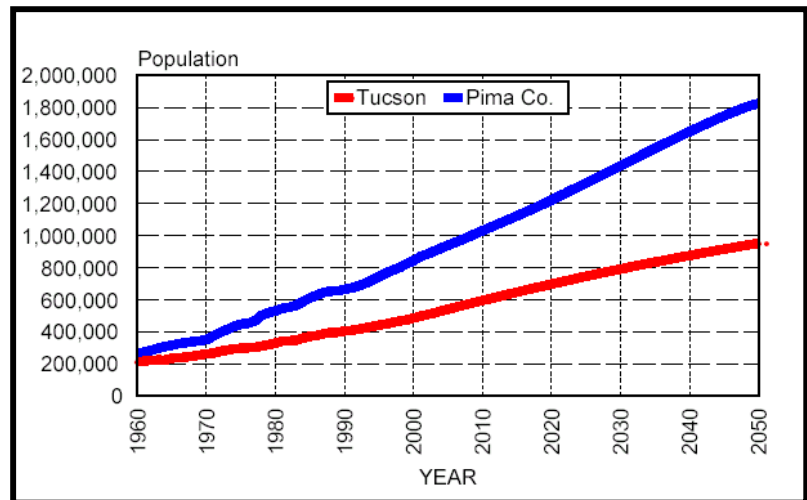
Empowering county governments to provide municipal-type services outside their city limits is the worst of all possible worlds for central cities. This removes all incentives for suburban land developers or future suburban residents to support municipal annexation.

- David Rusk, *Cities Without Suburbs*

full share for those services. Further compounding the problem is that traditionally there has been a lack of cooperation and coordination between the City and County.

IT'S BROKE, BUT DON'T FIX IT

Often times in the past, efforts to bring unincorporated residents into cities have failed. State annexation laws require cities to get residents' permission prior to annexation. **Currently, residents in unincorporated Pima County don't have an incentive to join a city**, because they are already receiving city-type services living outside the city. And residents within the city and towns help subsidize those services, reducing the costs to residents of the unincorporated county. This is unusual and unfair. In most of the west, counties do not provide urban services, but rather leave that work to cities. Arizona state law has not established counties as urban service providers. Counties are charged with being the local implementation arm of the state, with responsibility for delegated state services, such as indigent health care, criminal justice, and courts, while at the same time serving the needs of a rural population. Cities, as independent governments, are responsible for the services needed by an urban population.



Pima Association of Governments

LOST REVENUE

The distinction made by the state between cities and counties plays out in the way that state shared revenues are distributed. These revenues are distributed to cities through a formula based on population for the purpose of providing municipal services. These revenues are not shared with counties. Therefore, a problem created by the large unincorporated urban population in Pima County is that **our community misses out on \$60 million per year** in state shared revenue. This is sales tax money that is collected by the state in Pima County. Rather than staying in Tucson, these funds are being redistributed primarily to Maricopa County where almost all urbanized areas are incorporated.

TUCSON – THE ECONOMIC ENGINE

The City of Tucson is the economic engine of the region. While only 56% of Pima County residents live within the City of Tucson, 78% of the region's retail and wholesale trade dollars and 76% of service dollars are spent inside the city limits. **Over 73,000 non-city residents come into the city to work each day.** An additional 125,000 people drive into the city each day for services, education, and shopping. As a result, City roads receive more wear and tear and require a greater investment to

If the unincorporated urban population were part of the City of Tucson today, Tucson would climb from the 31st largest city in the country to the 17th largest, ahead of Baltimore, Boston, Seattle, Denver, and Portland.

maintain. While the City does collect sales tax revenue from non-city residents who come into the city to shop, this sole revenue source is not enough to fully fund the variety of services and infrastructure that is needed.

HEART OF THE CITY?

Because City residents are burdened with supporting two large governments and paying the highest property tax in the state, the city does not have the revenue to keep up with basic maintenance needs and infrastructure improvements. As a result **the core of our city is deteriorating.** City



New road improvements at Campbell/Skyline intersection in unincorporated Pima County



Stone Avenue – major corridor running through the City

residents help fund county urban services and infrastructure in the unincorporated areas outside the city, meanwhile Tucson streets are deteriorating. The 1997 county road bond program, which many city residents voted for, has been a great disappointment for the city, with most city projects on the program unbuilt and unfunded. The City of Tucson is years behind in maintenance and public infrastructure

improvements because of lack of funding. Streets throughout the city are missing basic urban infrastructure such as sidewalks and streetlights and the pavement has deteriorated. Yet, some unincorporated residents enjoy many beautiful new roadways and other public investments that most of the city does not.

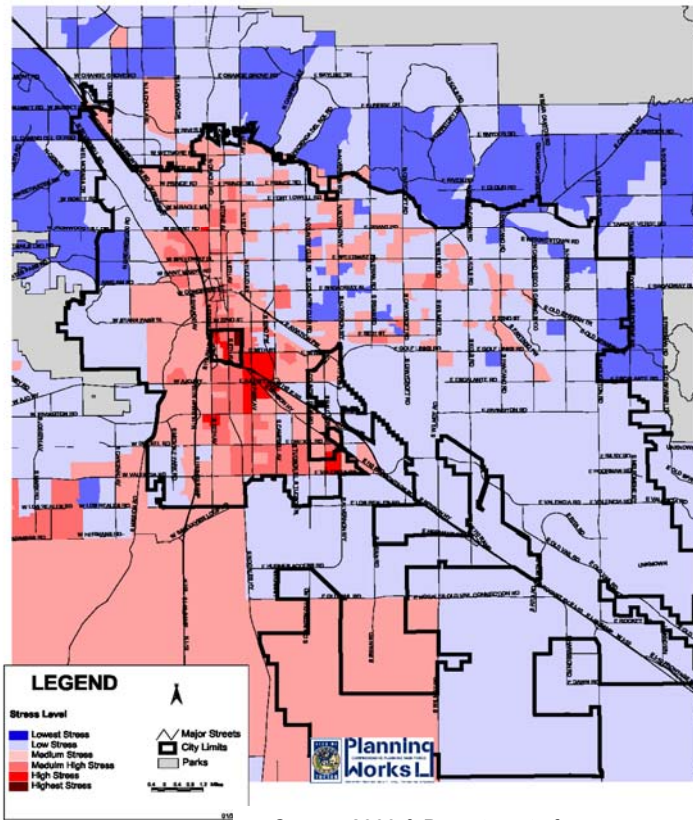
STRESSED OUT

Further compounding the problem is that the **neighborhood stress index which includes a variety of factors such as poverty, unemployment, and low educational attainment is much higher within the City limits.** In fact, the number of persons living in poverty is three times greater in the city of Tucson than in the balance of Pima County. The stress map on the following page provides a dramatic representation of the “Tale of Two Cities”. Blue indicates low stress while red indicates higher stress at the census tract level. The red areas are almost entirely within the City of Tucson while the blue areas largely ring the city. City residents are paying more (to support both the city and the county) with less of an ability to pay. In contrast, many of the urban unincorporated areas in Pima County have little stress, higher incomes, better lifestyles, and less of a tax burden.

The real city is the total metropolitan area – city and suburb. Any attack on social and economic problems must treat suburb and city as indivisible parts of a whole.

- David Rusk, *Cities Without Suburbs*

Pima County Composite Stress Index Tucson Area



Census 2000 & Department of
Urban Planning and Design

REGIONAL STEWARDSHIP MISSING

The current situation with a large unincorporated population residing outside the boundaries of the city means that both the City of Tucson and Pima County work separately to meet the needs of their constituent base, which is perceived as being different. **Neither government is looking out for the whole.** In Maricopa County, for example, where the entire urban area lives within cities, the County is able to focus more effectively on state government services and investments that take place within cities, rather than the provision of city-type services to urban areas outside cities. And cities there can concentrate on infrastructure and services for their residents.

A CITY WITH SUBURBS

In his book *Cities Without Suburbs*, David Rusk defines “elastic” cities as those that have steadily increased their boundaries to capture growth while “inelastic” cities are those that fail to keep pace with the growth surrounding them. According to Rusk, inelastic cities fare worse on a variety of social and economic

indicators including wider income gaps compared with their suburbs, greater segregation, lower rates of job creation, lower bond ratings, lower real income gains, and less unified regional governance. Rusk believes that a good indicator of an urban area’s social health is the city-to-suburb income percentage. Tucson’s median household income is \$30,981 compared with \$73,094 in the unincorporated suburbs north of Tucson. **This is a city-to-suburb income percentage of 42%, which is worse than the most inelastic cities in Rusk’s study including Detroit, Cleveland, and Milwaukee.** This is a dangerous trend for Tucson, which has the potential to get worse if nothing is done to address it.

BOTTOM LINE

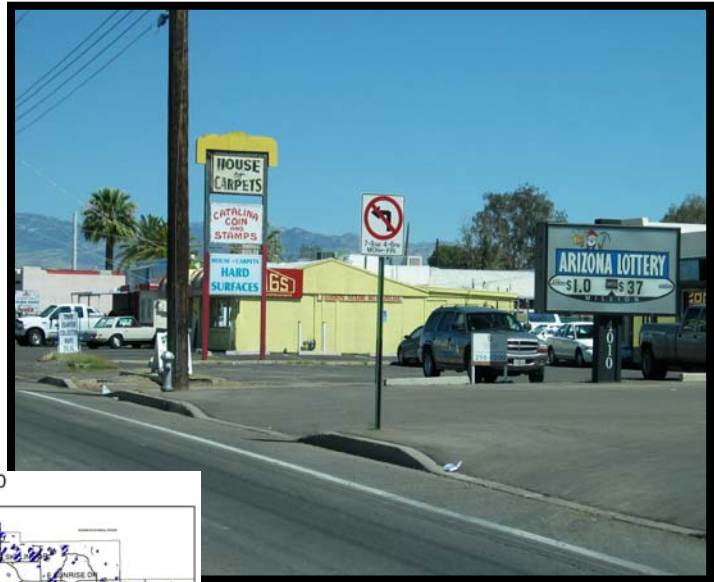
We can no longer afford a fragmented approach to governing our region. It places an unfair tax burden on city residents, the core of our city is deteriorating, and the long-term viability of our community is at risk with such a divide. We need cooperation, consolidation, annexation, and regional government.

2. SIDEWALK TO NOWHERE

HOW DO WE REDEEM OLDER NEIGHBORHOODS AND THE CORE OF THE CITY WHILE WE GROW BETTER AND SMARTER?

“UGLIEST STREET IN AMERICA”

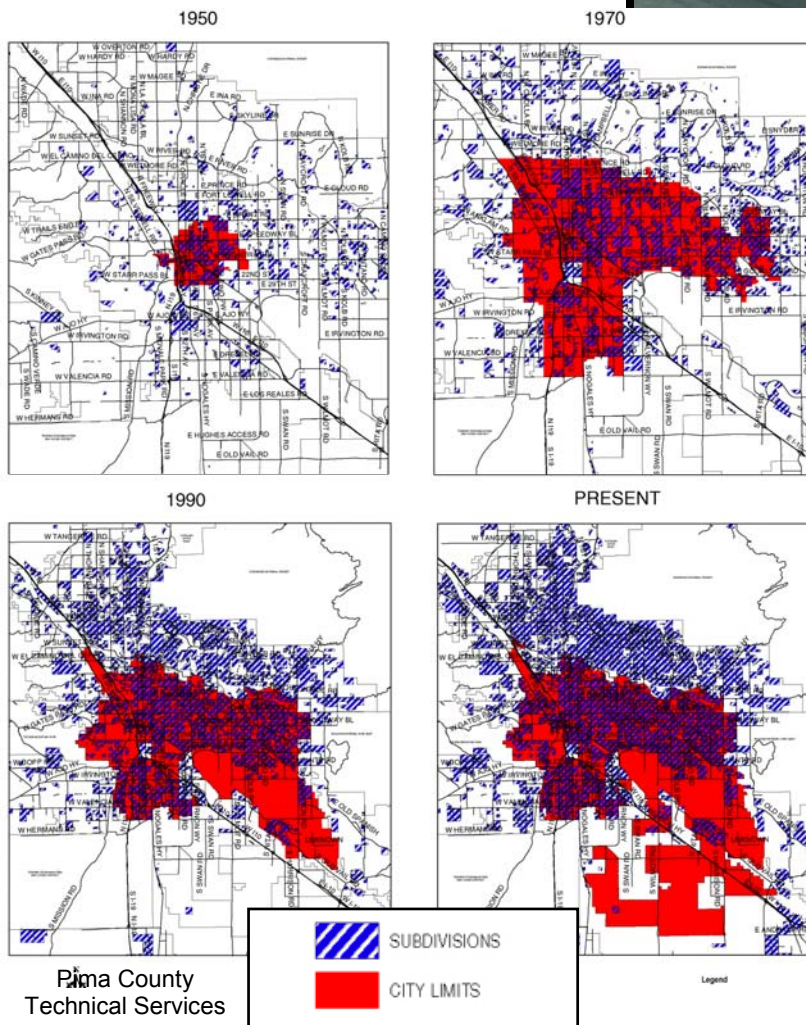
In 1972, Tucson’s Speedway Boulevard was featured on the cover of *Life* magazine, with the tag line - “Ugliest Street in America”. The photo depicted ugly, cluttered signage, electrical poles, continuous strip commercial development, and a dilapidated streetscape. While parts of Speedway have been improved since then, we could easily take that picture today in many parts of town and say the same thing. **Much of the city does not look very**



good. The look of the city certainly does not reflect the beauty of the Sonoran Desert in which we live.

GROWING PAINS

Tucson was founded as a 2 square mile city in 1877 with a population of less than 6,000. Tucson has grown steadily since then into the 226 square mile city of 514,350 people within a metro area of almost a million that we have today. Tucson experienced a period of rapid growth in the 1950’s following World War II. Tucson grew “fast and easy” during those decades fueled by the availability of cheap and abundant land. Much of the development that occurred during that time took place outside of city limits. **This began a pattern where the City has often annexed development years after it has occurred.** Because of this, we have not had the chance to plan ahead for how



we will serve new development with roads, infrastructure, and municipal services and how we will pay for these services and investments.

INFRASTRUCTURE INSUFFICIENCY

It has only been in the last two decades that we have built roadways to a higher standard with sidewalks, accessibility for the disabled, bike lanes, streetlights, underground utility lines, bus pullouts, shelters, and pedestrian crossings. It was also not until this time that we required new development to include such improvements as sidewalks and landscaping.



This means that the neighborhoods and roadways built for the 80 years prior to that are missing basic infrastructure. We have had no way to pay for this and therefore we are years behind in meeting our infrastructure needs. Chronic edge development also draws limited wealth and resources outside of the core.

69% of residents rate street repair in Tucson as fair or poor
- 2001 ICMA Resident Survey

DISINVESTMENT AND DETERIORATION

In the past we have not made the kind of sustained investments needed to make Tucson a strong city with a secure future. After we've annexed commercial and residential developments into the city, we have tried to piece together infrastructure improvements and keep up with road maintenance needs. Lacking an effective financing plan, our efforts have been inadequate. As a result, **our major roadways and neighborhood streets have been allowed to deteriorate.** The City currently has unmet capital needs for transportation alone totaling almost \$3 billion.



Red indicates partial or no sidewalks along major roadways in Tucson



WILDCAT AND UNPLANNED

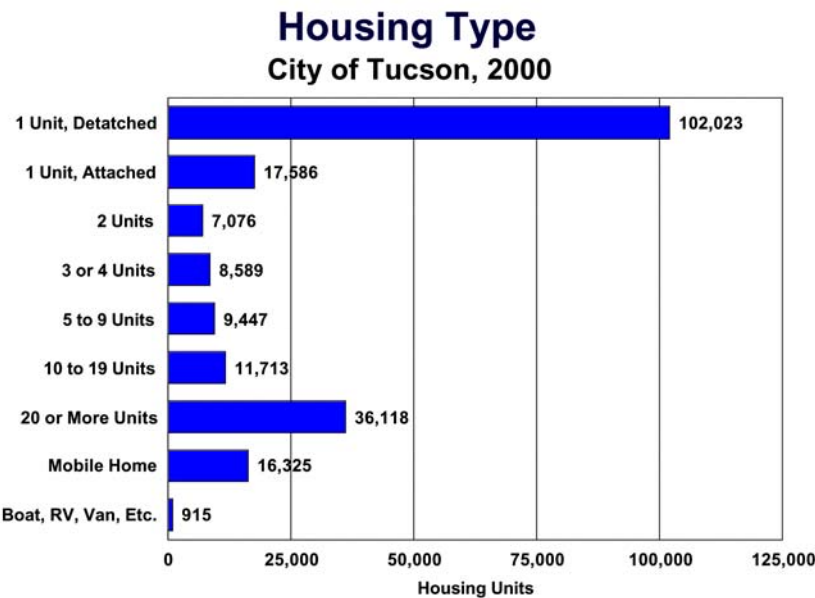
Often urban scale subdivisions and other developments are approved outside of city limits in the county. Eventually the City may annex these areas and **it is costly to retrofit unplanned development with adequate infrastructure and services**. Also, these developments can be difficult to serve with police and fire protection



and garbage pickup. Whether these developments are within the city limits or not, they still affect the city as these residents will use city roads and services. Well-planned development is a regional issue and we must call on the support of other jurisdictions in order to be successful.

LOW DENSITY – HIGH COST

The built environment in Tucson features primarily car-oriented, one-story, low-density development. Other cities that developed around the turn of the century have a more compact development pattern with a greater pedestrian orientation. **What we have now is a city designed completely around the car to the exclusion of other ways for people to get around.** Our current land use pattern, which clearly separates different types of land uses and is generally low density in nature, hinders our ability to develop an effective multi-modal transportation system. Residents consistently rank transportation as a top community concern yet we have a difficult time coming to agreement on solutions.



**60% of Tucsonans
rate land use,
planning, and
zoning as fair or
poor in the city**

**- 2001 ICMA Resident
Survey**

It costs a lot to provide roads, sidewalks, water lines, public safety, parks, libraries, garbage pick up and other city services to support unplanned, low-density development. However, there are many other less tangible costs associated with our pattern of development. **Recent studies have documented the negative impacts of suburban development patterns on public health.** One reason Americans are becoming less physically active is that the cities we've built discourage an active lifestyle. We have built houses, streets, roads and schools too spread out to walk between. Many of our neighborhoods are walled off from surrounding development limiting the ability of residents to walk or bike to local services. The issue is well stated by Thomas Schmid, public

health researcher at the Center for Disease Control, "In pursuit of progress perhaps, we've engineered physical activity out of our lives." In Tucson we are saved by our environment with access to public lands and some subdivision design and public investment that integrate housing, trails, and access to parks. But for much of the city, this can be miles away. We have to ask why we haven't done a better job since our community values would suggest otherwise.

Development that is too much the norm



Housing alternatives



Pedestrian-oriented development

ENVIRONMENT VS. DEVELOPMENT

If we continue our current development pattern without a deliberate, phased plan to accommodate growth, protecting our unique desert environment will become increasingly difficult. Development on the outskirts of the city costs a lot more for the city to serve than projects that make use of existing infrastructure and services. **Yet it is still much cheaper and easier for developers to build on the edge.** Until this dynamic changes we won't see a significant increase in investment in the core of the city. Another issue that hurts us is that we don't have many good examples of well-designed infill in our community and therefore

"It causes us to become a society that is so dependent upon the car that we don't know our neighbors. We come out of our offices, we get in the car, we drive down the street, we hit the garage door opener, we pull in, and that's the last we see of anybody."

Jim Hansen - Making Sense of Place

residents are often unsure about lending support to these type of projects in their neighborhood. We have significant amounts of vacant land available throughout the city, and our aging housing stock and underused or abandoned commercial buildings have great potential for redevelopment.

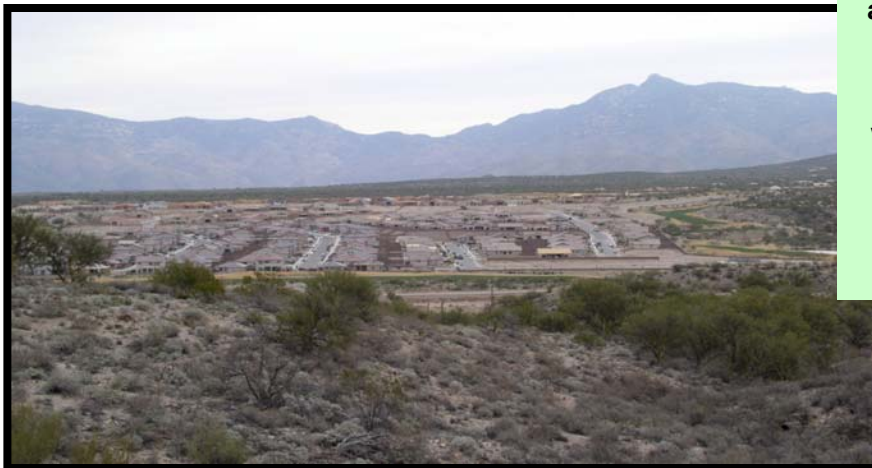
WHAT DEVELOPMENT WHERE

We have not planned well for growth and development in the past but instead **we've made piecemeal decisions that have created the city we have today.**

Neighborhoods and commercial developments are built with little thought about their connection to the surrounding area and the services and infrastructure needed to integrate them into the city and sustain them. What is the broader context? The cumulative effect? We approved 1,700

new houses in the City last year. We focused on zoning, setbacks, and the concerns of neighbors. But what is the fiscal impact on the city of those rezonings?

How will we provide the new infrastructure and services that these 3,000 to 4,000 residents will demand and deserve? What is the pattern of new development and how strong a role will we play in shaping our future?



Each day in Pima County, nearly 12 acres of the Sonoran Desert are lost to sprawling development. The decline in air quality, increased congestion, and draw-down of the water table within the Tucson basin are cited as other consequences of growth.

- Building from the Best of Tucson

BOTTOM LINE

We need to build a better Tucson for everyone. We must invest in infrastructure improvements long delayed, and firmly commit to plan for and fund our future.

3. LOW WAGE TOWN

HOW CAN TUCSON ESTABLISH ITS NICHE IN A NEW ECONOMIC ERA AND RAISE THE STANDARD OF LIVING FOR ITS RESIDENTS?

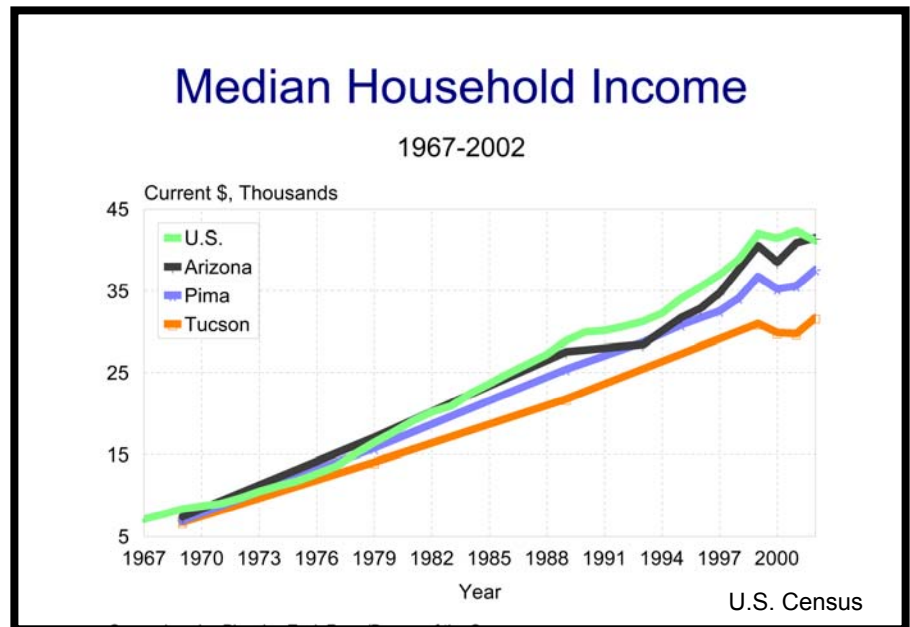
TUCSON'S ECONOMY

Tucson has a reputation as a low wage town. It is a fact of life that people who love Tucson leave Tucson in search of a good paying job. Our median household income (average for all Tucson households) of just over \$30,000 is low compared to Pima County, to Arizona, and to the U.S., and the gap has been increasing.

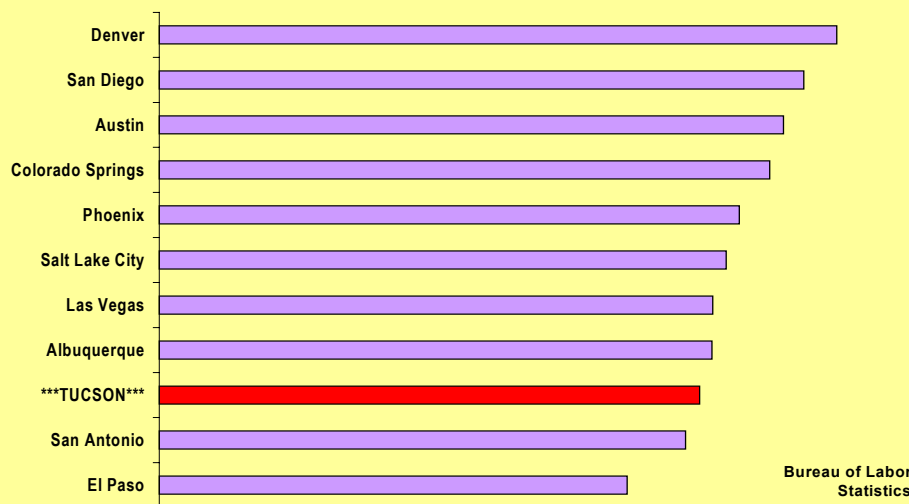
The bar chart below shows that compared with 11 benchmark cities in the southwest, the average annual wage (total earnings divided by total number of workers) for the Tucson metro area is the 3rd lowest, up from the 2nd lowest in 2001.

One of the reasons that our wages remain comparatively low is that **economic growth in Tucson has been**

largely fueled by population increases, not real economic expansion. Typical measures of economic strength for cities include retail sales, the number of people employed, and earnings rates. While Tucson's economy has remained strong on the first two indicators, earnings is another story.



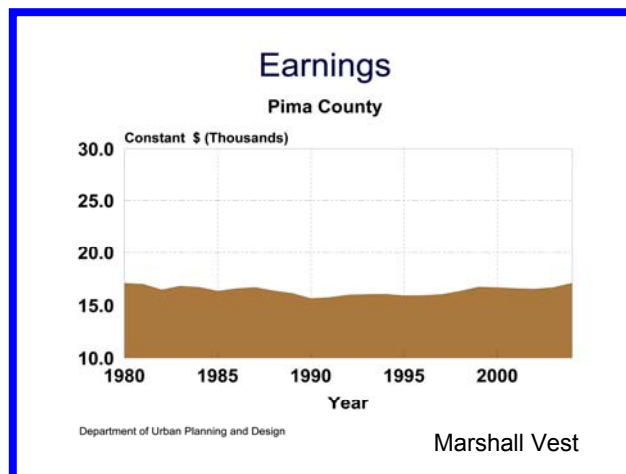
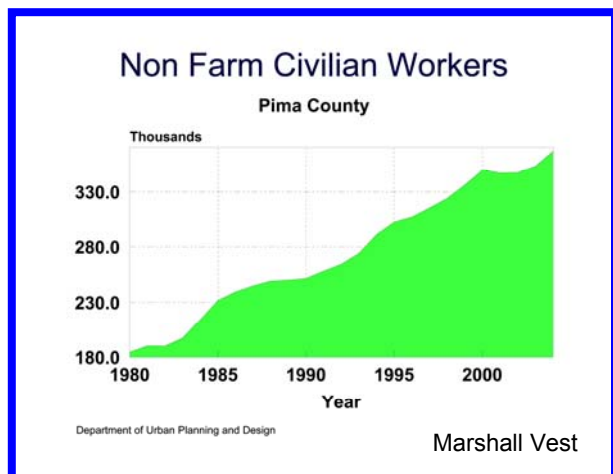
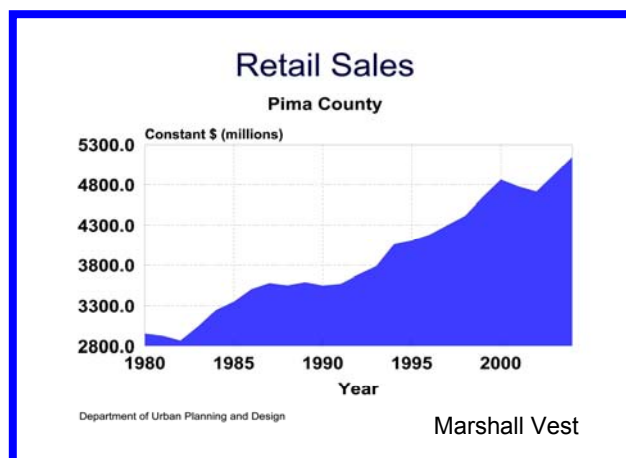
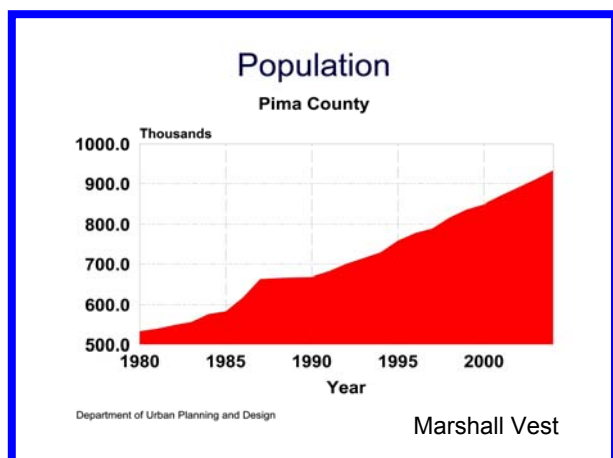
AVERAGE ANNUAL WAGE 2002



**63% of Tucsonans
rate job opportunities
here as fair or poor**

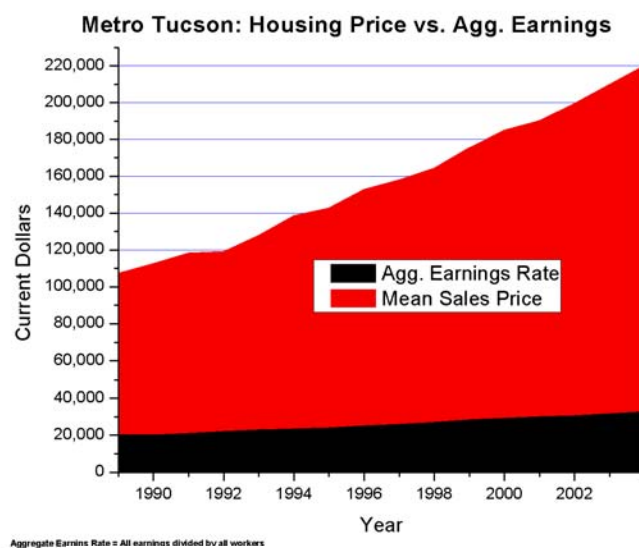
**- 2001 ICMA Resident
Survey**

The series of charts below show that from 1980 to the present, population in the Tucson metro area grew by 75%, retail sales grew by 74% (in constant dollars), and employment grew by 98%. During that same time period, however, aggregate earnings (defined as total earnings divided by number of workers) in constant dollars



did not grow. **The earnings chart (bottom right, above) shows how little our earnings rate has changed over the past 20 years** when inflation is taken into account. Nationally, over this same time period, earnings have increased 26%. In 1980, earnings were \$17,083 — in 2004 earnings are \$17,086 (when inflation is taken into account). In 1974, our earnings were \$19,600, 15% higher than today.

Tucson's wages remain low primarily due to the fact that we have a higher proportion of low paying service jobs and fewer higher paying manufacturing and professional level service jobs. Another key factor is that Tucson has an abundant pool of low skilled labor, which tends to drive down salaries. While Tucson has seen increases in high-tech jobs, we've also had



concurrent increases in low paying service jobs, so overall the proportions of jobs by sector have remained about the same.

GROWING DISPARITY

Incomes for the Tucson metro area as a whole are lower than the state and national averages, however incomes within the City of Tucson are even lower than the rest of the community. And the disparity between the economic situation of City residents and residents outside the city limits is growing. As the table below shows, income levels in the suburbs to the north of the City are over two times higher than those in the City. The map to the right shows poverty status within the metro Tucson area. Red represents higher poverty rates – blue lower rates. **Lower income households**

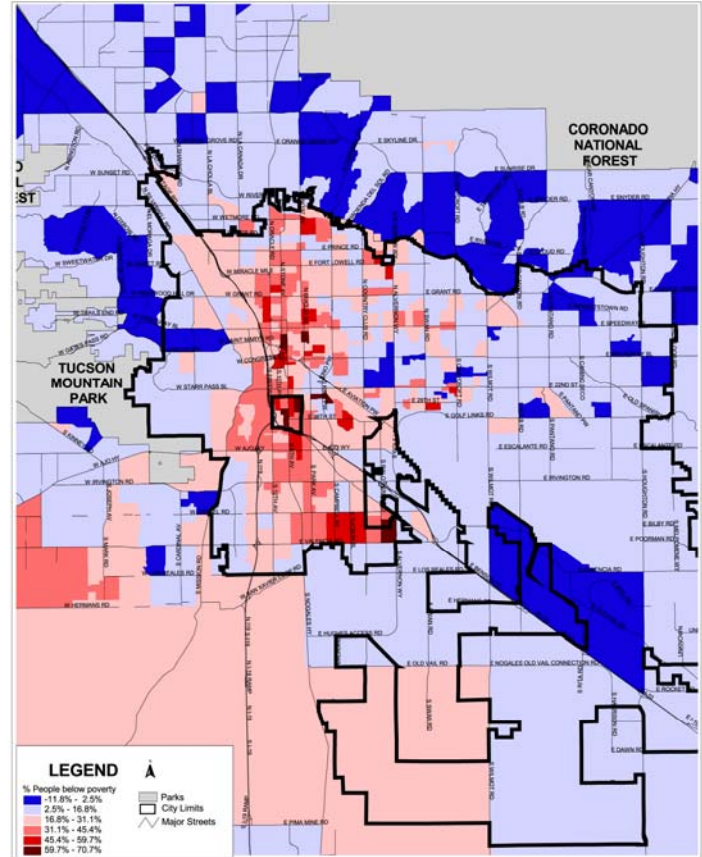
Median Household Income

- **City of Tucson** \$ 30,981
- **Balance of Pima County (minus Tucson)** \$ 47,201
- **Foothills Area** \$ 73,094
- **All of Pima County** \$ 36,758
- **U.S.** \$ 41,994

Census 2000

Poverty Status by Block Group

Persons below the poverty level as a % of all persons for whom poverty status is ascertained



are predominantly located within city limits. This pattern creates a divided community and weakens the City's ability to improve its economic situation. As this pattern

intensifies and the region spreads out further, commercial followed by employment migration outside the city may grow.

COMPETITION IN THE GLOBAL ECONOMY

Competition in the global economy is stiff and cities have to be aggressive leaders in order to not be left behind. Tucson is a different place than it was in 1950. And the world economy is much different now as well. We know that the world is moving fast, that competition is everywhere, and that at times nothing feels certain. It was only a few years ago that the debate around call centers in our community was whether bringing more call centers to Tucson was good. They paid better than many existing service jobs, but they were not higher-paying, new-economy jobs. Overnight, our conversations shifted to concerns about call center jobs in the U.S. migrating offshore to India and elsewhere. The Morrison Institute report, *Five Shoes Waiting to Drop on Arizona*, describes the competition that exists between states vying for success in the new economy: "Even a cursory look at state initiatives shows that every other state – and many countries such as Israel and Ireland are mastering the new rules of economic development. **Many places have set their sights high and are taking risks to get there.**"

Another issue facing cities in the new economy is that more and more companies want to locate where they have access to a trained and talented workforce. In the *Washington Post* article, "Brain Gain Cities Attract Educated Young", the author Blane Harden states that, "The long economic downturn...has brought a sense of near-

desperation to the inter-city fight for young talent. Mayors, business leaders, and university presidents are scrambling to secure new technology companies and entice young people to live downtown.” He goes on to say that, “The winner take all pattern of the past decade differs substantially from the Rust Belt decline and Sun Belt growth of the 1970s and 80s. Then, manufacturing companies moved south in search of a low wage non-union workforce. Now, talented individuals are voting with their feet to live in cities where the work is smart, the culture is cool, and the environment is clean...**The sunbelt is no sure winner in this migration.** Such cities as Miami and El Paso are struggling to keep college graduates who are flocking to such foul-weather havens as Minneapolis, Seattle, and Ann Arbor.”

While the article focuses on one issue, attraction of talented workers and high paying jobs, it suggests how some cities work with the reality of current socio-economic dynamics more consciously than others. In a city like Tucson with demographics that disproportionately lean towards the very young and old, and where parents often lament the loss of their young adult children and college graduates to other places, we must take note. **What can we do to ensure that our city is truly diverse, including a range of economics, opportunity, and age?**



Daring to Invest in Tomorrow is a new report by the Morrison Institute that looks at where Arizona’s economy stands and what can be done to move forward: “We know that Arizona’s per capita income still lags behind the national average. We know that high-tech jobs usually pay better than service jobs, and that college graduates usually make more money over their careers than those without degrees. Those facts all point to the need for a more diversified, high-tech economy and better-educated workforce...**In today’s economy, the riskiest move of all is to remain stagnant.** As other states and countries invest in infrastructure, they attract talent, capital and businesses. We need to invest simply to stay even. The failure to do so will very soon leave Arizona so far behind that even our sunshine can’t save us.”

ATTRACTING QUALITY JOBS – WHAT’S IMPORTANT

In the new economy, quality of life and community image have a significant impact on economic success. Businesses are attracted to invest in a community that values its natural environment, unique cultural heritage, and has invested in infrastructure and the built environment. Some of the



key factors that attract good jobs and how Tucson rates follows.

- **Availability of Qualified Workers** - According to a 2002 survey of 500 business leaders by *Real Estate Weekly*, the availability of qualified workers has become the most important factor for companies in deciding where to locate. Businesses look to locate in cities where similar businesses are located in order to



have access to suppliers and complimentary businesses, and be assured of an adequate labor pool. While Tucson has an abundant labor pool, it's a lack of workers with the appropriate skills that often affects Tucson's ability to attract companies.

- **Quality Education** – A quality education system beginning with K-12 education is fundamental to success in the new economy, yet Arizona continues to earn near failing grades in educational

performance. Arizona spends an average of \$5,487 per pupil compared to the national average of \$7,524, placing our state 49th out of 50. Arizona also suffers from the highest dropout rate in the country with 17% of 16-19 year olds not in school and not graduated. Strong community college, technical training, and higher education programs are also key elements in developing a skilled workforce that will be available to take higher paying jobs. A good public school system is a key factor in attracting workers and companies to a community.

- **Proximity to Customers and Markets** - Businesses want to locate where they have easy access to customers and markets. Tucson is located at a gateway to the Mexican and Latin American markets and is working to capitalize on this strength. An aggressive approach to international trade will promote a healthier economic context that enhances local businesses. We must provide a promising international trade environment – facilitating trade opportunities and creating infrastructure and institutional improvements.
- **Business Taxes** – Arizona is kind to households and tough on business when it comes to taxes. Arizona's business tax burden is 14th highest in the country. Specifically, Arizona's tax on personal property is especially troublesome – particularly with the recruitment of manufacturing and high tech companies whose equipment is considered personal property. Within Arizona, Pima County's property tax rate on businesses is more than 3 times as high as Maricopa County, putting us at a further disadvantage within the state as well.
- **Research University** – Tucson is fortunate to have a world-class educational and research institution in the University of Arizona. More must be done to link the U of A with the local economy and build strong talent pools. We have a good foundation and a strong partnership is emerging, but we need to be deliberate in using our greatest asset as a foundation for our future economy.
- **Air Service** – Having direct and frequent flights to key business destinations is important for business recruitment. This has been an ongoing struggle for Tucson. Some progress has been



made. The improvements at the airport also send a good signal to the rest of the world.

- **Local Government** – Businesses looking to relocate will assess the fiscal strength of the local government in terms of quality of services and infrastructure. Infrastructure such as roadways, parks, drainage, water and sewer are all fundamental elements of business success. Likewise, services such as garbage and recycling, transit, economic development, and public safety are basic building blocks of quality of life in a community. Tucson has put off investment in services and infrastructure in the past in order to balance budgets. Tucson currently has a \$3.9 billion capital needs deficit.



trade associations, universities, and research consortia...[and these things] are buildable through public and private sector actions and thus can be had by nearly any place that puts its mind to it.”

- **Community Image** – In the Morrison Institute report *5 Shoes Waiting to Drop on Arizona*, the authors describe how our image sometimes negatively impacts our ability to sell Arizona to prospective employers: “Arizona has a reputation for growth on the cheap - for being a place of poor schools, poorly planned communities and second tier tech investment. That’s a huge disadvantage in a world where economic success is determined more than ever before by a place’s image.”
- **Affordable Cost of Living** - Tucson ranks 4th most affordable in terms of cost of living among 11 Southwestern cities. This is an asset for Tucson which is seen as an affordable place to live and a desirable place to raise a family. However, we must also keep in mind that young knowledge workers desire other types of housing choices and the ability to live in a more urban area close to work with a variety of amenities.

- **Quality of Life, Viable Downtown,**

Natural and Urban Amenities – Tucson is rich in natural amenities. However, that is not enough to be competitive in the new economy according to the Morrison Institute in their study for the City of Scottsdale: “While inherited features such as climate, natural resources, and population are important draws [for businesses], other critical features are built – open space, unique urban amenities, vibrant street life, live music venues, top notch entertainment, airports,



BOTTOM LINE

Tucson will need to become increasingly competitive as a city in order to be successful in the global economy and improve the quality of life for residents. Attention to quality education must be a top community priority.

4. GOING, GONE TUCSON

HOW CAN TUCSON RETAIN ITS UNIQUENESS AND ENHANCE ITS GREAT QUALITY OF PLACE WHILE GROWING INTO A 21ST CENTURY CITY?

A GREAT SOUTHWESTERN CITY OR JUST ANOTHER PLACE?

What will Tucson's future hold? As our community evolves, our "sense of place" will continue to be defined. But how will it be defined? **We would all like to hold on to the things that make Tucson special, yet we can't go back in time and be the Tucson of our memory.** As our community's population approaches 1 million and development explodes in Tucson, we are at a crossroads. Do we let development "happen" or are we going to be more deliberate in guiding how it should occur? Directing development will provide a greater opportunity to preserve and capitalize on Tucson's unique assets. We must build upon the things that give Tucson a unique sense of place as we continue to grow.



QUALITY OF PLACE MATTERS MORE THAN EVER

Quality of place and uniqueness are the hallmarks of a great city. And increasingly in the 21st Century economy, it's the quality of place that attract companies with better paying jobs and talented workers. **Cities that aren't pursuing**

quality of life enhancements will not be competitive. The Morrison Institute completed a study for the City of Scottsdale last year. As part of that study, which was focused on Scottsdale's future, they cited three key factors for cities to be competitive in today's world:

Cities are like individuals. They evolve in unique ways. Every city has a soul. You have to try to understand what that soul is first, and then you get a better sense of what the problems are. You start by looking at the city's history and thinking about ways to help nurture its intrinsic strengths.

- Joel Kotkin, Author *The New Geography: How the Digital Revolution is Reshaping the American Landscape*



up competition by creating assets that improve their quality of life and Tucson can not remain idle. In this race, Tucson can't be laid back.

DESIGN QUALITY

What kind of city are we creating through the buildings we build? Most of the homes and buildings that really speak to us about the distinctiveness of the Old Pueblo were built in the first half of the last century or earlier. As we began growing more quickly following World War II, building and design practices changed. Much of the development that took place during that time was not of high



The City's new Hardesty Midtown Service Center, an example of modern architecture that works with the desert environment

1. **Place matters** : Talented workers and businesses have a choice today about where to locate and place matters more than ever. Cities that thrive will have to be attractive places for people to live and work.
2. **Great places are created, not inherited**: This seems especially meaningful for Tucson. We have inherited a spectacular environment, a wonderful climate, and a rich history. But these alone will not guarantee our success in strengthening our economy and maintaining our high quality of life. As we continue to grow, we must be deliberate in integrating community and environment, creating a vibrant downtown, and capitalizing the research talent of the University of Arizona.
3. **The world is competitive. Cities are competitive**: Other cities will continue to ratchet

A pack of cities is racing away from everybody else in terms of their ability to attract and retain an educated workforce. It is a sobering trend for cities left behind. ... Now, talented individuals are voting with their feet to live in cities where the work is smart, the culture is cool and the environment is clean. In addition to Seattle, the largest brain-gain cities include Austin, Atlanta, Boston, Denver, Minneapolis, San Diego, San Francisco, Washington, and Raleigh and Durham, N.C.

Bruce Katz, The Brookings Institute

We shape our buildings, and afterwards our buildings shape us.
- ***Winston Churchill***

quality and looked like development in any other city. **There is a now a movement underway in many cities to bring back more traditional and indigenous design that reflects the uniqueness of the place it is built.** The Sonoran Institute's *Building from the Best of Tucson* report, published in 2001, was an initial step toward defining what regionally appropriate architecture and design could mean for

Tucson. The report states, “Across many centuries, the indigenous peoples of the American Southwest developed a regional architecture and building style well suited to the desert environment. Subsequent Spanish settlers incorporated many indigenous elements into their own Moorish building traditions, which were readily adaptable to the local climate and landscape. These features can be found in many residential and commercial buildings built through World War II. Since then, the increasing dominance of suburban-style development has severed our ties to local building traditions.”

In Tucson, the majority of our houses are now built by **production home builders who replicate the same styles that are built in other cities.** While production home building is a fact of life, attention to our environment, open space, amenities, and design



New adobe house that reflects traditional Tucson building materials and style



Tucson's home-grown All Souls' Day Procession is “my favorite thing about Tucson,” says puppeteer Dennis Eustace, a Boston transplant. “It’s art and community coming together, a big ritual.”

can enhance what we build. This also holds true with new commercial building. Recently, the Tucson Community Design Academy was launched in an effort to raise awareness about what good design means in the Sonoran Desert and what qualities we want to replicate as we grow. This is a good first step. We can also learn from other cities that are ahead of us in this regard. If we don’t, maintaining the uniqueness of our city is at risk.

A VIBRANT DOWNTOWN IS KEY

Companies want to expand and locate, and people want to live in a place with a strong, healthy, vital city center. The *Kansas City Star* published a series of articles on why downtowns are critical to the long-term health of a community. **They analyzed a variety of indicators for 16 cities and found that the well-being of suburbs and downtowns is inextricably linked.** The cities with faster-rising downtown populations enjoyed faster-rising home values across the entire metropolitan area and those with stronger job growth downtown showed stronger area-wide job growth and economic growth.

One reason that strong downtowns improve the economic health of cities is that more and more, companies are choosing to locate in places with an abundant supply of knowledge workers, and these workers are voting with their feet to live in the most desirable cities. What kinds of cities are desirable to knowledge workers? A vibrant downtown is a key element according to 100 top thinkers who convened recently in Memphis to discuss building creative communities. Their resulting *Memphis Manifesto* states that cities will be successful in the 21st century if they:

- Invest in the “creative ecosystem” including arts, culture, nightlife, the music scene, restaurants, artists and designers,

innovators, entrepreneurs, affordable spaces, lively neighborhoods, spirituality, education, density, and public spaces and “third spaces” (private public spaces such as coffee houses).

- Embrace diversity. “People of different backgrounds and experiences contribute a diversity of ideas, expressions, talents and perspectives that enrich communities.”
- Be authentic. “Dare to be different, not simply the look-alike of another community.”
- Invest in and build quality of place. Climate alone won’t do it. Instead, cities must develop and strengthen such features as “arts and culture, open and green spaces, vibrant downtowns and centers of learning.”
- Remove barriers to creativity, among them “mediocrity, intolerance, disconnectedness, sprawl, poverty, bad schools, exclusivity, and social and environmental degradation.”

The *Memphis Manifesto*, led by Richard Florida, author of *The Rise of the Creative Class* underscores that **what makes cities desirable is created, not just inherited and thus, cities can change their fates.**

Most of us acknowledge that Tucson would not be the city it is if it were not for the Sonoran Desert, but this prompts the question: Can Tucson continue to prosper as an urban desert community without compromising the very assets that make it a magnet for growth?

*Sonoran Institute
Building from the Best of Tucson*



Joel Kotkin, scholar on cities, provides another perspective on how cities can compete in the new economy and prevent their decline, “A lot of it is just blocking and tackling: reducing crime, improving transportation, providing education and public safety... **I define cities as places sacred, safe, and busy. You need all three. Busy is the commerce. Sacred is the sense of identity, which is very important. There has to be a genuine identity based on the city’s real history. And it has to be safe.** The best thing to happen to New York in my lifetime was the reduction in crime. It did more than all the economic development schemes, museums, restaurants, and clubs.”

WE HAVE MANY ASSETS TO BUILD ON

In Tucson, we have inherited so many assets – the Sonoran Desert, the mountain ranges that surround us, the sunshine, a rich history and people from diverse cultures. Yet, for many years we did not do a good job of building on these inherited assets and creating a city that strongly reflects these assets. Everyone in Tucson can cite the **buildings and places in the city they love such as the historic Pima County courthouse, adobe row houses, the Mission and cathedrals, historic neighborhoods such as Barrio Viejo,**



Armory Park, and Sam Hughes. People also cite the design elements that represent what is uniquely Tucson such as **mosaic tile work, murals, adobe, and the Sonoran Desert landscape.** But often we have neglected these qualities as the city has developed. We have not insisted on incorporating the natural environment into new development. Can we do even more to highlight and preserve our culture and history? At its heart, the beauty of the city is often “hidden”. Driving through the core of the city, you might have very little sense of being in the Sonoran Desert.

The visual quality of a city, or its community image is an



indicator of its well-being, just as a person's appearance is indicative of their

health and sense of self. Tucson's concern with community image is more than skin deep. It is a concern for underlying community quality and the well-being of residents. A quality built environment contributes to overall economic, environmental, and social well-being.



BOTTOM LINE

Tucson must do more to enhance its quality of place so that the city outwardly reflects the beauty of the surrounding desert and the history, culture, and qualities that make Tucson uniquely the “Old Pueblo”.

5. DESERT ISLAND

HOW CAN TUCSON BEGIN THINKING BIGGER ABOUT THE CITY'S FUTURE AND ACT TO MAKE TUCSON THE BEST CITY IT CAN BE?

NO CITY IS AN ISLAND

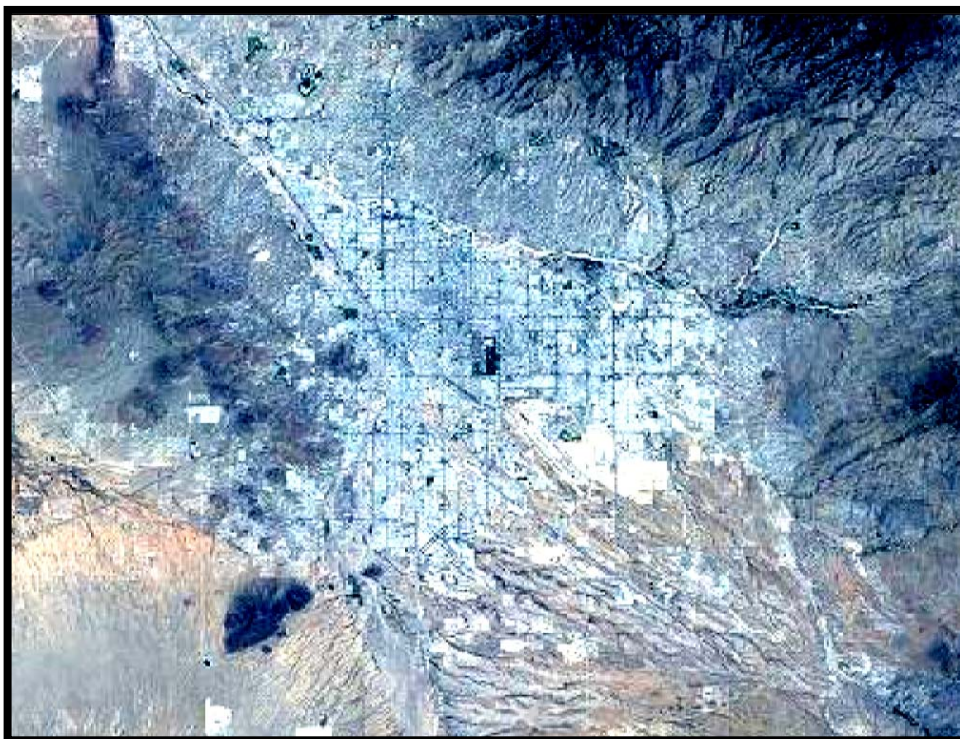
The idea of an island often brings up visions of paradise. Our desert island identity can be nourishing and charming. **In Tucson, we can feel we are away from the rest of the world which certainly has some appeal.** But do we remain inward-focused too much? Do we look to the outer world enough? Do we learn from others? How much do we travel to other cities and places of best practice? Do we borrow from the successes of places we admire?

Our city lies along a border and as such it is a place of movement, escape, hope, and dreams from all four directions. There is some mystery and magic to this location and it is part of our city's soul. Adobe home builder Jim Gray has commented how this mystery is expressed in our architecture, through the walls, doorways, and inner courtyards that help give Tucson its special feeling. Many people are glad to be here and want to be no place else. But if we forget about every place else, does too much of an isolationist perspective endanger what we cherish most?

NO FUTURE FOCUS

As a community, sometimes it seems as though we are living for today. In the past **we have not done a very good job planning for the future and we have put off many key investments needed to make our city strong and vibrant.** We have often remained provincial in our outlook – we have acted as though we are a

desert island. We want to keep Tucson unique – we all agree that no other place is like Tucson – but have we also used this as an excuse to remain isolated and set in our ways?



Every choice made in the past set some direction for our city. Years ago, we decided to not force annexations that would have brought much of the foothills into the city when we extended water lines to foothills resorts. Almost 25 years ago, the city transferred the wastewater system to Pima County disconnecting water and sewer utility planning. Voters have defeated

transportation initiatives going back decades. Years back, we reduced maintenance of city streets to almost nothing due to budget and tax constraints. We haven't phased growth to ensure adequate infrastructure and funding of city services to serve that new growth. We haven't saved open space within the city and integrated development well with our unique desert environment. We haven't taken regional approaches to addressing tough issues, and we don't have a 21st century revenue scheme that keeps pace with the resource needs of a growing community.

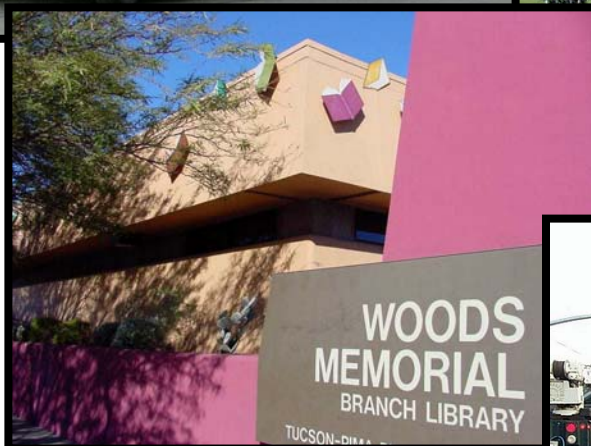
There are signs of progress – and we have had some successes. We are in a much better position than we were several years ago in terms of water resources planning. We have begun a long-term effort to revitalize downtown and we are pursuing a regional transportation authority. But we can't be complacent about planning for the future. We need to keep pushing ahead in these areas and take on other key issues with a regional focus and an eye toward future generations of Tucsonans. What kind of legacy will we leave?

SHORT-TERM FIXES FOR LONG-TERM PROBLEMS

We have a mounting backlog of infrastructure, maintenance and service needs. Much of this is due to rapid growth beginning after World War II that created the present day Tucson. We grew fast, and generally easy, with few development standards and little planning. Infrastructure was incomplete from the start, with minimal sidewalks, street lighting, or adequate drainage systems.

It was not just chance that once made Speedway the “ugliest street in America.” That street was borne out of how we grew as a city. The cost to correct Speedway years later was much greater than if that roadway had been planned and built appropriately from the beginning and development unfolded along its route with an eye on the future. Two out of

every three dollars spent to improve Speedway from Euclid to Alvernon was spent on acquisition



of right-of-way, an avoidable expense had proper planning taken place. Unfortunately, we have many uncorrected Speedway-type problems across the city. The costs of redress escalate with each passing year. The bills mount.

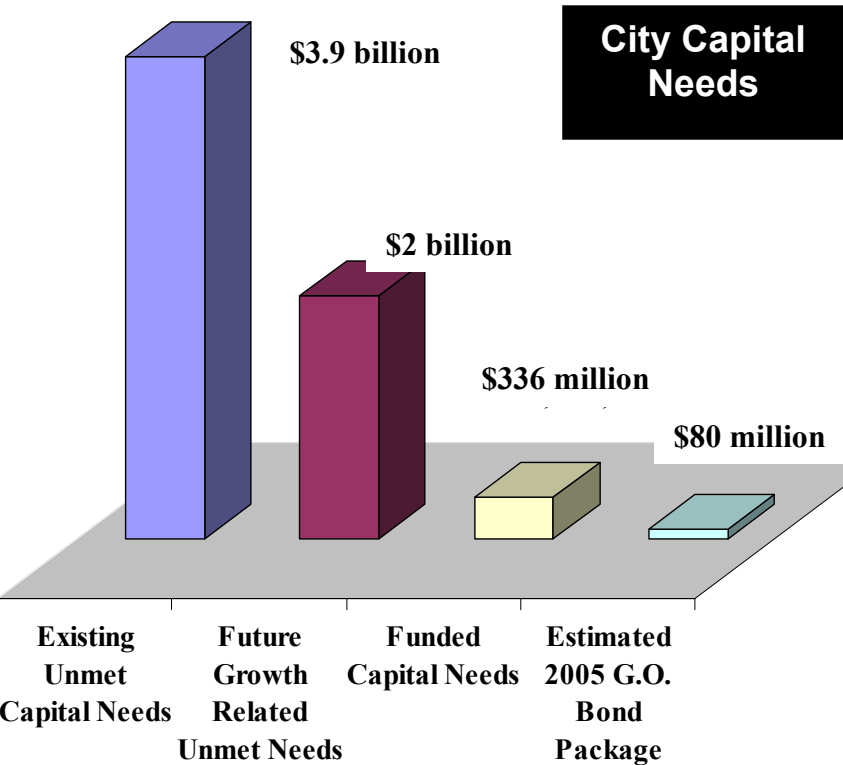
There is hardly a key service of the city that doesn't trail state or national standards, or fall short of our own policy goals. Funding for new materials at our libraries is well below national averages. In 2002, our funding was \$3.60 per capita compared to a national average of \$5.31. In 2003, funding was cut to \$3.07 per capita, while the national average increased to \$5.57.

Our Parks and Recreation programs have been cut back by \$6 million in recent years. Our Parks Strategic Plan identifies the need for 1,800 new acres of land for parks, 37 new miles of multi-use paths, 125 more playgrounds, and 230,000 square feet of new recreation centers.

Tucson Police Department staffing levels are falling in numbers of officers per capita in relation to comparable cities. Our transit system is at the bare minimum of service standards. People in Tucson often say, "The city

doesn't really have a budget problem. Each year, we have a deficit, but then we always get through it." Well, this is how we have gotten through. We've cut basic services, maintenance, and investment in our city. This cannot continue year to year without having a serious impact on quality of life in our community. And that's exactly what has happened. We've been able to get by with these cuts for many years but now our facilities and infrastructure are falling apart and our service levels are way below standards. And as the size and scale of our community grows, this problem becomes more apparent, more critical, and harder to solve.

Our current estimate of existing unmet capital needs across the city is almost \$4 billion. We estimate an additional \$2 billion



in capital needs we will face as our city grows through 2030. Our next General Obligation Bond issue in 2005 can raise only about \$80 million because of the City's financial situation and our charter cap on property tax. Over the past several years, the City has had to make significant budget cuts that have eliminated service flexibility and have cut into existing services. The ability of the city to balance its budgets with cuts cannot continue into the future without accepting tough choices to eliminate basic services to city residents. As pointed out earlier, however, we need to be growing and expanding our efforts to reduce backlogs, or provide for new growth, and to help redevelop aging areas of the city. Cutting back further will not make Tucson the great city of the American Southwest.

An upswing in the economy is not enough. The city's current revenue structure, in conjunction with regional growth patterns, the state's fiscal and legislative environment, and national policies all combine to provide no easy way out. Our own action is necessary and hard choices are required.

WE KNOW WHAT WE DON'T WANT TO BE

In Tucson, we seem to know very clearly what we don't want to be. **Many people say we don't want to be Phoenix, we don't want to be L.A.** We are different than those cities and we hope to keep it that way. Many say we don't want freeways. We don't want to raise taxes. We have a lot of ideas about what we do not want but we don't have a compelling vision of what we do want. We want to keep Tucson the "Old Pueblo", yet the future is rushing at us, faster, in newer, more complex, and unknown ways, and while our past can guide us and anchor us, it cannot serve as our sole vision for the future.

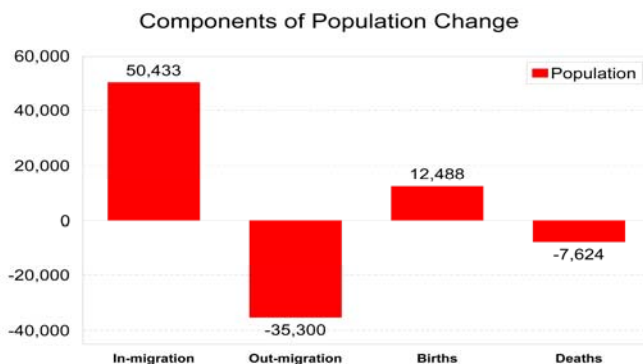


Los Angeles freeway

How do we begin to develop a vision of what we do want to be? **While it is important that we maintain Tucson's uniqueness of place, it is equally important that we be willing to learn from other cities about what we do want, not just what we don't want.** We cannot continue to think of ourselves as so different that we have nothing to learn from other places. If we chose to, we can set our sites higher than Phoenix, L.A. or Albuquerque and look to the great cities in the world for best practices and lessons learned. For virtually every issue facing Tucson there are other cities that have made progress on those issues. Best practices from

elsewhere can inform our actions. We need not go it alone. In fact, we are much more likely to fail if we don't learn from others.

Pima County – Change from 2001 to 2002



U.S. Census American Community Survey & Arizona Department of Health Statistics

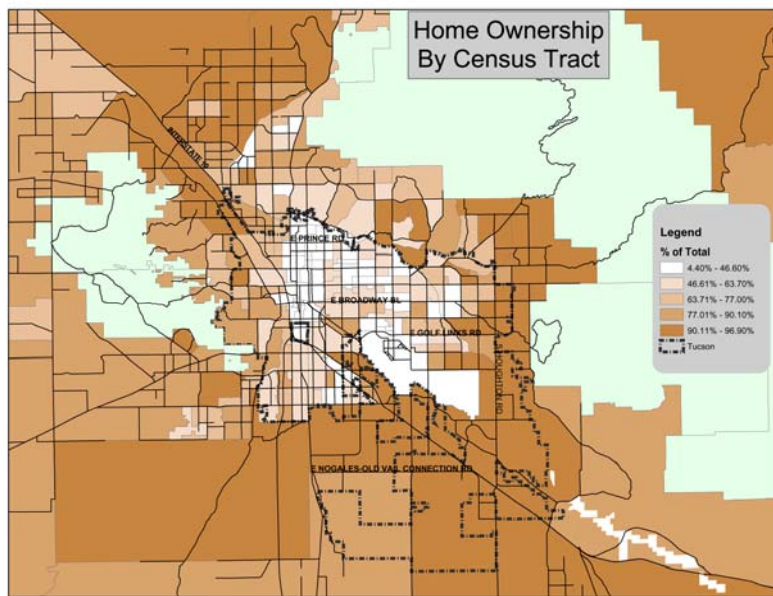
HERE TODAY, GONE TOMORROW

One of the challenges we face in trying to plan ahead and invest in our future is that our region is strongly affected by in-migration and out-migration. Approximately 50,000 new people move to the Tucson area each year, and another 35,000 leave. **Almost one quarter of Tucson residents did not live here 5 years ago.** We have a large student and military population and many seasonal residents and retirees. Such a mobile population must affect community continuity and commitment. Such turnover also

suggests that many people are not in Tucson long enough to discern trends in the city – positive or negative. Our homeownership rates are low compared to the national average - 53% of Tucsonans own a home compared to 66% for the U.S. as a whole and 61% in Phoenix. A greater portion of Tucson's children (one-third) live in a single parent household, compared to less than a quarter nationally. Many of these families are stretched for time and resources and often may not be able to get involved in their neighborhood or community. Voter turnout in

74% of Tucson residents reported not attending any kind of public meeting during the past year

- 2001 ICMA Resident Survey



U.S. Census 2000

Tucson is below the national average, which itself is a sad statement about civic life. Voters over the age of 60 are the most likely to vote. Tucson has a high percentage of older residents who are often part-time residents and/or may have moved here recently from someplace else. What bearing do these and other demographic trends have on our ability to plan for the future and commit to making investments in the community?

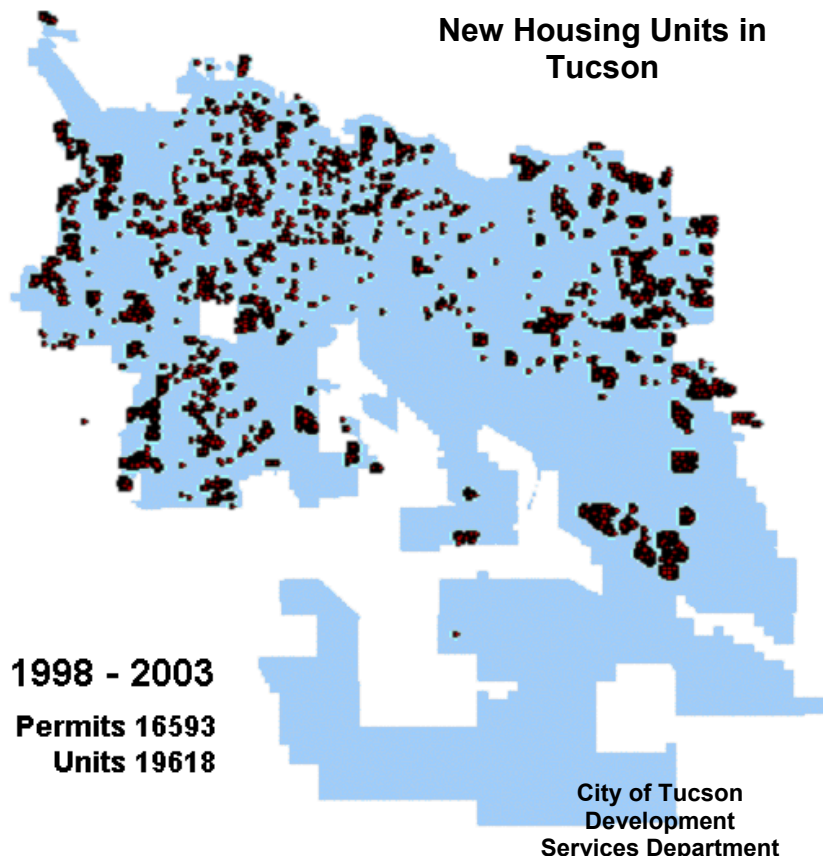
MEANWHILE WE KEEP GROWING

The future is rushing towards us and we continue to grow. Each year

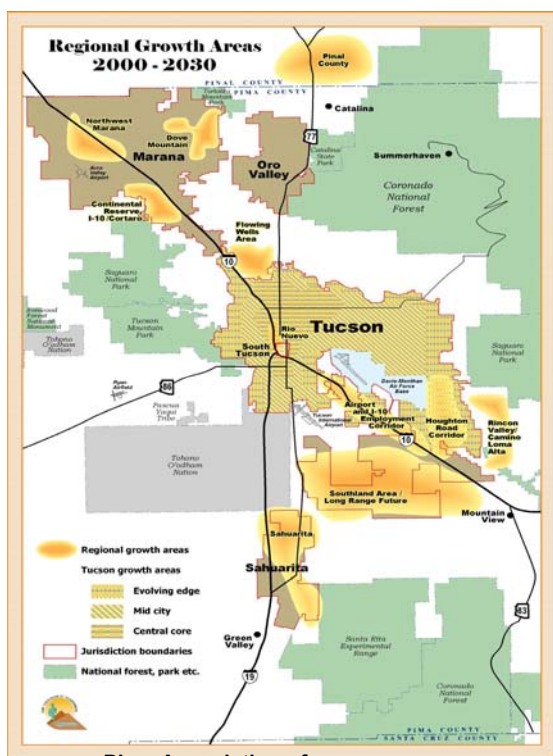
thousands more people move into the city. It is better to be a growing city than a stagnant or declining city, but with the benefits of growth there are costs.

When the economy grows, there is new energy in the community, and city revenues grow – but not fast enough. New infrastructure and services are needed as part of that growth for our city to provide a good life for our citizens. Given the backlog of unfunded services and our insufficient revenue options, the city simply cannot

keep up. Ironically, fast growth can mask this inherent problem. Revenues, for example, rise overall, but not fast enough to keep pace. This is especially true of residential development, which always comes first. As a result, the City is whipsawed into a shell game of service delivery and spending allocations between old and new parts of the city. This tension plays out regularly at Council meetings as decisions are made about where to expend our resources. Sometimes a new area wins and sometimes an old area wins. But because there is far from enough to go around, our community really is losing.



As the map to the left shows, we've approved almost 20,000 new housing units in the city since 1998, all of which will create additional service



Pima Association of Governments

demands. Residential development requires much more in services than it provides in new tax dollars. For example, since refuse service is not directly paid for by our residential users, new stresses will be placed upon Environmental Services to absorb new customers without new revenue. Similar impacts are felt in other services across the city.

REGIONAL STEWARDSHIP NEEDED

Much of what really matters for our city to be truly livable is out of our hands. Lead responsibility is elsewhere. For example, education is perhaps the defining issue for our community. The quality, access and evenness of educational opportunity across our community may matter most of all. The city and school districts need to be working much more closely. The same is true of the city and county, other municipalities and tribes, neighborhoods, business associations, the list goes on and on.

Doug Henton, Coordinator of the Alliance for Regional Stewardship describes the type of regional leadership needed in the report *5 Shoes Waiting to Drop on Arizona*:

“Traditional leadership may exist in a region in the form of

CEOs of major corporations, issues advocates, neighborhood activists, social entrepreneurs, and ethnic community leaders, but even with these traditional forms of leadership, why are the most pressing and most difficult regional issues not finding resolution... These types of leaders are still essential to states and communities but another type of leader is necessary going forward, namely regional stewards. Regional stewards are leaders that are committed to the long term health of places. Many leaders are working on single issues or causes – tax cuts, a football stadium, desert preservation or transit – but their work is narrow. Often they do not know what other leaders are doing or have a hard time linking their efforts with those of others. Stewards go beyond traditional forms of leadership: they are leaders who cross boundaries, take an integrated approach, and build coalitions for action.”

Given the challenges facing us, from the past and the future, it seems that we can’t afford any more petty local conflicts or turf wars within the city or across the region. Too much is at stake and our resources too thin to waste anything. Real partnerships though are not easy. Like any successful relationship, they require willingness, capacity, and effort on all sides. And we must look beyond our city for examples of success from elsewhere. We can’t go it alone.



BOTTOM LINE

We cannot afford to live just for today or think too narrowly about solutions to the issues facing our community. We must look beyond the status quo and past our own borders to our neighbors, across the state and the nation, and to the world for opportunities and answers.

CONCLUSION

TUCSON AT A CROSSROADS

What will the future be like? What will Tucson be? The choices we make as a City in the coming year will help decide what direction we are traveling and what road we are on. Are we on the road to a bright future of our own choosing? Or will we allow events to shape us? Will decisions be made or not made that take us down the road to that dimmer future, with less opportunity and livability?

All of the choices prior leaders have made in the past have brought us to today. They influence our future. Some of those decisions were good and some were not. Amongst ourselves, we may not even agree on what was good or bad. But in any case, our choices in the years ahead will reshape that future. We have reached the fork in the road anew. For better or worse, the decisions of the past have brought us to this point in time, today. The road now forks in different directions. Which direction will we go?

1. **A TALE OF TWO CITIES . . . OR . . . ONE COMMUNITY, ONE FUTURE?**

How can we truly work together as a region to address our community's toughest issues?

We can no longer afford a fragmented approach to governing our region. It places an unfair tax burden on city residents, the core of our city is deteriorating, and the long-term viability of our community is at risk with such a divide. We need cooperation, consolidation, annexation, and regional government.

2. **SIDEWALK TO NOWHERE . . . OR . . . INVESTMENT IN COMMUNITY?**

How do we redeem older neighborhoods and the core of the city while we grow better and smarter?

We need to build a better Tucson for everyone. We must invest in infrastructure improvements long delayed, and firmly commit to plan for and fund our future.

3. **LOW WAGE TOWN . . . OR . . . OPPORTUNITY FOR ALL: EDUCATION AND ECONOMIC DEVELOPMENT?**

How can Tucson establish its niche in a new economic era and raise the standard of living for its residents? Tucson will need to become increasingly competitive as a city in order to be successful in the global economy and improve the quality of life for residents. Attention to quality education must be a top community priority.

4. **GOING, GONE TUCSON . . . OR . . . BUILDING FROM THE BEST OF TUCSON?**

How can Tucson retain its uniqueness and enhance its great quality of place while growing into a 21st Century city? Tucson must do more to enhance its quality of place so that the city outwardly reflects the beauty of the surrounding desert and the history, culture, and qualities that make Tucson uniquely the "Old Pueblo".

5. **DESERT ISLAND . . . OR . . . GREAT CITY OF THE AMERICAN SOUTHWEST?**

How can Tucson begin thinking bigger about the city's future and act to make Tucson the best city it can be? Tucson cannot afford to live just for today or think too narrowly about solutions to the issues facing our community. We must look beyond the status quo and past our own borders to our neighbors, across the state and the nation, and to the world for opportunities and answers.

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